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POSITIVE WELL MARKETING SDN BHD

v.

OKA CONCRETE INDUSTRIES SDN BHD

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HIGH COURT MALAYA, KUALA LUMPUR
UMI KALTHUM ABD MAJID J
[CIVIL SUIT NO: D-22IP-14-2010]
12 JULY 2013

C ***CIVIL PROCEDURE:*** *Costs - Getting-up fee - Appeal to High Court - Whether case complex - Whether involved difficult question of law - Whether Senior Assistant Registrar taken into account correct principles of law - Whether sum allowed reasonable*

D ***CIVIL PROCEDURE:*** *Costs - Appeal as to costs - Whether plaintiff incurred unnecessary and unreasonable expert fees by commissioning experts - Whether cheaper experts available - Whether matter highly technical*

This was an appeal by the defendant ('encl. 15') against the decision of the Senior Assistant Registrar ('SAR') in relation to the E taxation of costs incurred by the plaintiff. The learned SAR had allowed the plaintiff the sum of RM250,000 as getting-up fees and RM31,040 as expert fees upon taking into consideration the complexity of the case. The defendant however submitted that the learned SAR had erred in law and/or in fact with regards to the F getting-up fees and that he had referred to hearsay evidence when he made reference to the *International Comparative Guide to Patents 2011 and 2013* ('the publication'). It was also submitted that the duty of the plaintiff's counsel were simply to point the law to the facts and establish their case without the need to master the G patent. Further, the defendant submitted that the plaintiff had incurred unnecessary and unreasonable costs by commissioning experts when cheaper experts could have been commissioned.

Held (dismissing appeal with costs; affirming decision of H **SAR):**

(1) The defendant was wrong when he stated that the SAR had erred in law and/or in fact in holding that the getting-up fee for the "sum of RM450,000 ... would be a fair and just sum". The learned SAR had merely alluded to the plaintiff's claim I

under this head of costs and the position taken by the plaintiff in doing so. The learned SAR did not state that the sum of RM450,000 or RM300,000 would be a fair and just sum. Thus, there was no precedent set by the learned SAR. (para 9)

(2) The publication referred by the learned SAR is an international publication specialised on patent law. It would be inconceivable of the publisher not to evaluate the veracity of the information contained in the said articles before deciding to publish them and for the article writers to write the said articles cavalierly without due consideration to their truth. Hence, the defendant's submission that the learned SAR had referred to hearsay evidence was rejected. (para 11)

(3) This case was complex and involved difficult questions of law where substantial skill, specialised knowledge and responsibility were needed. More so, as it involved the defendant challenging the patent right of the plaintiff in its counterclaim. Therefore, there was no reason for this court to interfere with the learned SAR's taxation of getting-up fees at RM250,000. (para 13)

(4) The learned SAR had taken into account the correct principles of law when conducting the taxing of the expert fees. The sum of RM31,040 for the expert fees was a reasonable sum to engage and obtain expert evidence. It was necessarily incurred by the plaintiff in order to succeed in its case since the matter was highly technical. As far as the plaintiff was concerned, the expenses incurred were reasonable and necessary for litigation. (paras 19, 20 & 21)

(5) The defendant had failed to prove its assertion that there were cheaper experts available at MyIPO or SIRIM. Hence, the defendant's submission that the fees were much cheaper at these institutions was dismissed. (para 21)

Case(s) referred to:

CHD Global IP Sdn Bhd & Anor v. Uni-Vessel Automation Sdn Bhd [2011] 1 LNS 1789 HC ***(dist)***

Kean Beng Lee Industries (M) Sdn Bhd v. Jintye Corporation Sdn Bhd [2011] 8 MLJ 572 ***(dist)***

Pecheries Ostendaises v. Merchants' Marine [1928] 1 KB 750 ***(refd)***

A *Slingsby v. Attorney General [1918] All ER Rep 239* ***(refd)***
United Malayan Banking Corporation Bhd v. Ernest Cheong Yong Yin [2007] 2 CLJ 332 FC ***(foll)***

Legislation referred to:
Patents Act 1983, s. 38(1)
B Rules of Court 2012, O. 14 r. 1, O. 59 r. 22, O. 81 r. 1, O. 89
Rules of the High Court 1980, O. 59 r. 36

For the plaintiff - Brian Law Yew Foo; M/s Wong & Partners
For the defendant - Ee Siang Leng (Ee Tee Gin with him); M/s Ee & Assocs

C *Reported by Shah Saharudin*

JUDGMENT

D **Umi Kalthum Abd Majid J:**

Appeal To Judge In Chambers

[1] The defendant had in encl. 15 appealed to the judge in
E chambers against the decision of the learned Senior Assistant Registrar ("SAR") which was given on 6 March 2013 ("the decision") whereby the learned SAR had allowed the plaintiff:

(a) getting-up costs at RM250,000; and

F (b) all the expert fees incurred at RM31,040.40.

[2] For ease of reference, I will refer to the parties as the plaintiff and defendant respectively.

G **Background**

[3] In order to understand the taxation of the costs incurred by the plaintiff and by the learned SAR, some background information regarding the substantive case is needed. The plaintiff is the registered proprietor of a Malaysian patent No: MY-136072-A
H entitled "slope protection system" ("the plaintiff's patent"). The plaintiff has been involved in the business of, amongst other things, supply and installation of slope and/or river bank protection system made of precast concrete post and panel, anchoring tie back entitled "WELLGUARD SYSTEM" in Malaysia at the

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material time. The plaintiff brought a writ action against the defendant for patent infringement. The plaintiff alleged that the defendant had infringed the plaintiff's patent by making, offering for sale, selling, using or stocking the defendant's own "OKA" infringing product being a river bank protection system made of precast concrete pile and panel, anchoring tie back. The defendant had denied infringing the plaintiff's patent and had filed a counterclaim against the plaintiff's patent on the ground of invalidity as the plaintiff's alleged invention is not new and does not involve an inventive step.

[4] On 14 June 2011, the learned Judicial Commissioner, as she then was, had delivered her judgment in favour of the plaintiff with costs, and dismissed the defendant's counterclaim with costs.

[5] Pursuant to that judgment, the plaintiff filed the notice of appointment for taxation of costs. The learned SAR heard the parties and delivered his decision on 6 March 2013.

[6] Unhappy with the learned SAR's decision, the defendant now appeal against that decision on two aspects only, that is, with regard to the getting-up costs at RM250,000 and the expert fees incurred at RM31,040.

The Decision

Getting-Up Fees

[7] Before the learned SAR, the plaintiff claimed a sum of RM450,000 under this head but in submission had proposed that a sum of RM300,000 (being a 33% deduction) would be a fair and just sum. In the view of the defendant, that sum was excessive and had suggested the sum of RM10,000. The learned SAR had found the suggested sum of RM10,000 as a ridiculous and grossly inadequate sum in view of the fact that this case involved patent infringement and a counter-claim by the defendant to invalidate the plaintiff's patent. The learned SAR had referred to the *International Comparative Guide To Patents 2011* and the *International Comparative Guide To Patents 2013* published by the Global Legal Group, United Kingdom and quoted from the commentaries in the 2011 edition at para. 1.21 that costs in patent litigation in Malaysia involving "a simple infringement action would be in the region of RM250,000 to RM300,000" and

"where invalidity is also raised the costs significantly rises and would be in the region of RM400,000 to RM600,000 depending on the complexity of the matter". The learned SAR had also referred to the commentaries in the 2013 edition at para. 1.22 which suggested that an action for patent infringement in Malaysia "judgment in infringement alone would be in the region of RM150,000 and RM600,000 depending on the complexity of the case, number of witnesses and length of trial" and "if invalidity is also an issue, costs can go up to more than RM1,000,000". The learned SAR had agreed with the views expressed in both commentaries. The learned SAR disagreed with the defendant's view that this is a run of the mill case.

[8] In awarding the sum of RM250,000 to the plaintiff, the learned SAR had taken into account the complexity of the case, difficult questions of law involved, the period of time taken to try the case, the number of witnesses and numerous documents and bundles involved in the conduct of the case. I quote at length his reasons for so awarding the said sum:

> 8. I have thoroughly looked into the court file and perused the pleadings. I find that the matter at hand was complex and involved difficult questions of law. I further find that it required substantial skill, specialized knowledge and responsibility to conduct the case, The case involved the engineering of slope and/or river bank protection systems made of precast concrete and is a unique case of its kind. The legal profession does not face such technical and detailed cases on a daily basis and hence a lot of preparations would have been required to bring the present action in court. Further, although the law on patent infringement and patent invalidity can generally be considered as settled, this area of law continues to develop and in the present case it was necessary for the plaintiff to rebut the defendant's allegations that its patent formed state of the art before the priority date or did not involve an inventive step and/or had been anticipated by prior art. The plaintiff had to prepare and establish its case that it had met the requirements of patentability and that it had addressed the defects of existing arts at the material time and hence involved an inventive step. That to my mind is not a run of the mill case. It is highly technical and the plaintiff had to ensure that it had sufficiently prepared its case and to further present it in such a manner for the Court to be able to adjudicate upon it.

> 9. It is also pertinent to state that the trial of case was conducted over a period of 4 days from 18th to 21st April, 2011 and a total of 4 witnesses for the Plaintiff and 2 witnesses for the Defendant were called. I do not agree that this is a run of the mill case. Substantial skill is required to take conduct of cases as the present one. I also note that numerous documents and bundles had to be prepared and perused throughout the entire case right from the filing of the writ up until the point of the full trial of the case. Apart from that, there was also an invalidation counterclaim by the Defendant which had to be defended by the Plaintiff. I reiterate that not only was the Plaintiff's claim allowed with costs, the Defendant's counterclaim was also dismissed with costs to the Plaintiff. I also considered the technical nature and circumstances of the case and I further find that the matter at hand was of high importance to the Plaintiff and it was in the utmost interest of the Plaintiff to file this action to prevent further infringement. As such, I allowed RM250,000 as getting up costs.

[9] Before me, learned counsel for the defendant submitted that the learned SAR had erred in law and/or in fact in holding that the claimed getting-up fee for the "sum of RM450,000 but in submission proposed that a sum of RM300,000 (being a 33% deduction) would be a fair and just sum" (para. 4 of defendant's submission). Before I go further to consider the defendant's submission on this point, I must point out that learned counsel for the defendant had erred when he stated that the SAR had erred in law and/or in fact in holding that the claimed getting-up fee for the sum of RM450,000 ... would be a fair and just sum. The learned SAR had merely alluded to the plaintiff's claim under this head of costs and the position taken by the plaintiff in doing so. The learned SAR did not state that the sum of RM450,000 or RM300,000 would be a fair and just sum. There is therefore no precedent set by the learned SAR as alleged by learned counsel for the defendant.

[10] It was also submitted by the defendant that the learned SAR had referred to hearsay evidence when he had made reference to the *International Comparative Guide to Patents 2011 and 2013* published by the Global Legal Group, United Kingdom, wherein the relevant articles were written by personalities in two local big firms of solicitors who have "pecuniary interests" in the matter. That the articles did not quote the case in which the Malaysian court had awarded the sums so stated.

[11] On this point, I totally reject the submissions of the defendant. The said publication referred to by the learned SAR is an international publication and I do not see anything wrong in the learned SAR referring to it as in any other printed materials as authorities to guide the learned SAR in taxing the getting-up fees. Further more, the said publication is a specialised publication on patent law. It would be inconceivable of the publisher not to evaluate the veracity of the information contained in the said articles before deciding publishing them, and for the article writers to write the said articles cavalierly without due consideration to their truth. In any case, I have since done some research on the matter by referring to decided cases filed in the Kuala Lumpur High Court registry where in the case reference No: 22IP-10-02-2012 *Semiconductor Technologies and Instruments Sdn Bhd v. Ismeca Semiconductor Holding SA* on the same subject of patent infringement and invalidation, the costs was fixed at RM250,000 by the learned judge; and in the case reference No: 22IP-23-2011 *B Braun Medical Supplies Sdn Bhd v. GIMMI Sdn Bhd & 4 Ors* on patent infringement, the learned High Court Judge had fixed the costs at RM1.5 million but which was later reduced to RM500,000 on appeal to the Court of Appeal. By this research alone part of the statements in the said articles are borne out.

[12] Learned counsel for the defendant was able to forward the High Court in Penang's case of *CHD Global IP Sdn Bhd & Anor v. Uni-Vessel Automation Sdn Bhd* [2011] 1 LNS 1789 on patent infringement and passing off where the learned Judicial Commissioner (as he then was) had awarded costs at RM10,000. After perusing *CHD Global*'s case, I find that the facts there can be distinguished from this case. In *CHD Global*'s case it involved the comparison of the sterilising machinery used in sterilising bunches of oil palm fruit, the patent right of which belongs to the plaintiff, with that of the sterilising machinery the patent right of which belongs to the defendant. The case turned on the fact that court found that the alleged infringements were not proved to be within the validity and subsistence of the plaintiff's patent and even if they were, the defendant had successfully raised its rights under s. 38(1) of the Patents Act 1983.

[13] In this case, I agree with all the observations made and matters taken into account by the learned SAR and quoted by me above, in short, that this case was complex and involved difficult questions of law where substantial skill, specialised knowledge and responsibility to conduct the case were needed. I agree with the learned SAR that this case is not the run of the mill case. More so, as it involved the defendant challenging the patent right of the plaintiff in its counterclaim. What this means is that the plaintiff was required to prove that its patent right was rightfully registered in the first place with the Patent Office and in doing so it had to at the same time prove that the defendant's infringing product actually infringed its patent by comparing its patent with that of the infringing product. That being the case, I see no reason to interfere with the learned SAR's taxation of the getting-up fees at RM250,000.

[14] I refer to the Federal Court case of *United Malayan Banking Corporation Bhd v. Ernest Cheong Yong Yin* [2007] 2 CLJ 332; [2008] 3 MLJ where Nik Hashim FCJ (as he then was), in dismissing the respondent's application under O. 59 r. 36 of the Rules of the High Court 1980 to review the decision of the learned Deputy Registrar for awarding RM35,000 as getting-up fees for the appeal in the Federal Court, held as follows (at pp. 336 (CLJ); p. 5, para. 4 (MLJ)):

> [4] On an application for review under O. 59 r. 36(5) of the RHC the judge may make such order as the circumstances require. By its terms the provision confers on the judge a discretion. But the discretion is not unfettered. It must be exercised judicially. **The judge should not interfere with the taxing registrar's decision unless there is an error of principle or some other material error** (*Diversey (Far East) Pte Ltd v. Chai Chung Ching Chester & Ors (No. 2)* [1993] 1 SLR 542; *Chan Kok Choon JP v. MBf Finance Bhd* [2001] 1 MLJ 5) **or the quantum allowed is obviously wrong** (*Starlite Ceramic Industry Ltd v. Hiap Huat Pottery* [1973] 1 MLJ 146) **or the registrar has exercised his discretion capriciously or mischievously**: *MC Corbett v. Ipoh Tin Dredging Ltd* [1936] MLJ 222 at p. 224; see also *Malaysian High Court Practice 2001 Desk Edition* at p 1933. Generally speaking, the discretion of the registrar on taxation is final (see judgment of Sir John Leach MR in *Alsop v. Oxford (Lord)* (1833) 1 My & K 564, which was quoted with approval by Abdul Malek Ahmad FCJ (as he then was) in *Gooi Hock Seng*

A *v. Chuah Guat Khim* [2001] 1 CLJ 583; see also *Lloyds Bank Plc v. Ang Cheng Ho Quarry & Ors* [1993] 1 MLJ 127 where Chong Siew Fai J (as he then was) held that **generally speaking the discretion of the taxing officer on quantum will not be interfered with**). (emphasis added)

B **[15]** I disagree with the submission of the defendant's counsel when he stated that:

> Solicitors are suppose to apply the law to the facts and present the case before the Court and they are not required or expected to "master the patent" as that is the job of the expert witness to assist the Court. We wish to point out that the person skilled in the art is the expert witness and NOT the solicitors. No matter how complex the patent can be, the solicitor's job is just to point the law to the facts and establish their case.

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D If only life is that simple as the defendant's learned counsel seem to think it is, especially in preparing to present a case of patent infringement and on the invalidity issue. I can imagine even before the plaintiff's learned counsel could even advise the plaintiff let alone draft out the plaintiff's pleadings, he had to fully understand E the subject matter of the plaintiff's patent first, the alleged infringement when compared with the plaintiff's patent and subsequently to understand why the plaintiff's invention was worthy of being patented. Research would have to be done etc. for him to discharge his responsibilities towards the plaintiff, even F to the extent of identifying the expert witness and understanding the explanations given by the said expert. It is not as simple as "pointing the law" to the facts when the facts have yet to be determined by the plaintiff's learned counsel. Perhaps the defendant's learned counsel was fortunate in having the facts of G the defendant's case established for him and he needed only to expend a little effort to present the defendant's case before the court by applying the law; but it begs the question how were the facts of the defendant's case obtained by learned counsel in the first place and at whose expense. More importantly, the learned H plaintiff's counsel would have to ensure he was able to present the plaintiff's case in court in the most coherent and intelligible way as possible for the learned judge to understand the subject matter in dispute; the learned plaintiff's counsel could only do so if he fully understood the plaintiff's patent itself and proceeded to I gather the necessary evidence and authorities to support the plaintiff's case.

[16] I do not find that the learned SAR had erred in law and in fact when he rejected the defendant's cited case of *Kean Beng Lee Industries (M) Sdn Bhd v. Jintye Corporation Sdn Bhd* [2011] 8 MLJ 572 seeing that case involved the issue of the infringement of the industrial design of flower pot by visual comparison of the registered design and the infringing product whereas in this case it involves the issue of patent infringement and invalidity issue for which there are instances of cases to refer to and to be guided by. But I must add that in the final analysis, the costs to be awarded must depend on the facts of each case.

[17] Learned counsel for the defendant had tried to refer to Part I: Basic costs of O. 59 r. 22 of the Rules of Court 2012 and argued that the maximum cost that may be allowed for interlocutory proceedings in the High Court is RM15,000. If this court awarded RM250,000 for costs for getting-up, it would mean the court would have awarded 16.67 times more than interlocutory proceedings. It is pointless to me for learned counsel to argue in this manner as there is a big difference between the cost awarded to the plaintiff in final judgment under O. 14, O. 81 or O. 89, the court dismissing an application under O. 14 r. 1 or O. 81 r. 1 etc. to the cost to be awarded to the plaintiff after full trial for obvious reasons.

Expert Fees

[18] Before the learned SAR, the defendant had contended that the plaintiff had incurred expenses by commissioning for expert reports, but only one expert witness was called as a witness at the trial while the other was not called as a witness. The defendant had also contended that the plaintiff had incurred unnecessary and unreasonable costs by commissioning the said experts when cheaper experts could have been commissioned from MyIPO or SIRIM.

[19] As far as the plaintiff was concerned all the expenses incurred were reasonable and necessary for the litigation.

[20] The learned SAR had awarded the sum of RM31,040 for the expert fees as being reasonably incurred by the plaintiff and was necessary in the course of litigation. After perusing his decision on this issue, I am satisfied that the learned SAR did

take into account the correct principles of law when conducting the taxing of the expert fees. The learned SAR had quoted Atkin LJ in *Pecheries Ostendaises v. Merchants' Marine* [1928] 1 KB 750 as follows:

> Upon that question it appears to me to be very important to bear in mind that the Taxing Masters have got to apply the words of Order LXV, r.27, sub-r.29. That the rule is the guiding rule in the taxation of costs. It is intended to sum up generally the principles upon which costs are awarded; and I cannot help thinking that if that rule were really rigorously applied by everybody - and by 'rigorously applied' I mean applied in all cases and giving full effect to the width of its language - there would be many fewer complaints by successful litigants than there are at the present moment. *It is a rule which is intended to give to the successful litigant a full indemnity for all costs reasonably incurred by him in relation to the action. It says in terms that the Taxing Master is to allow 'all such costs, charges and expenses, as shall appear to him to have been necessary or proper for the attainment of justice.' That is the whole principle that the Taxing Master has got to apply.* (emphasis added)

The learned SAR had also referred to Swinfen Eady LJ in *Slingsby v. Attorney General* [1918] All ER Rep 239 as follows:

> It is not for the taxing officer to allow the amount merely because it has been paid, or because the other side have not produced evidence to show that the charge is excessive. It is for the party claiming to be allowed a charge to prove that it is a fair and reasonable charge.

[21] I agree with the learned SAR's decision to award the sum of RM31,040 for the expert fees as being a reasonable sum for expenses incurred to engage and obtain expert evidence and that it was necessarily incurred by the plaintiff in order to establish and succeed in its case and I affirm the said decision. More so since, as was stated before, the matter was highly technical and all the expert evidence obtained by the plaintiff was necessary for the plaintiff to prove its case. There is no principle of law that limits a party to commission only one expert when preparing a case for litigation, and I agree with the learned SAR when he allowed costs for two experts commissioned by the plaintiff, even though only one was called as a witness at the trial. The plaintiff explained that the second expert was commissioned to ensure the soundness and accuracy of the expert's report having regard to the complexity of

the case whereby the expert's report was subject to an independent peer review by the other expert; in this way the plaintiff was able to reduce the costs of litigation by calling on one expert witness. I accept the plaintiff's explanation in this respect. As for cheaper experts available at MyIPO or SIRIM, the defendant had failed to prove its assertions that such an expert as required by the plaintiff was available at these institutions and that their fees are much cheaper than that claimed by the plaintiff. I therefore dismiss the defendant's contention here. The Federal Court case of *United Malayan Banking Corporation Bhd (supra)* also applies here.

Conclusion

[22] For the reasons stated above, I dismiss the defendant's appeal with costs at RM4,000 and I affirm the learned SAR's decision with regard to the getting-up costs at RM250,000 and the expert fees incurred at RM31,040.